

MEMO# 1751

March 6, 1990

IRS INFORMATION LETTER CONCERNING REVENUE PROCEDURE 89-52

- 1 - March 6, 1990 TO: PENSION MEMBERS NO. 10-90 RE: IRS INFORMATION LETTER
CONCERNING REVENUE PROCEDURE 89-52

Attached is a copy of an IRS information letter obtained by the Institute concerning Form 5498 reporting upon the death of the IRA owner. The letter addresses issues arising under Revenue Procedure 89-52. (See Institute Memorandum to Pension Members No. 46-89, dated October 11, 1989.) A copy of the Institute's request also is attached. The information letter addresses three issues. First, the Institute requested clarification of the revenue procedure's application to surviving spouse beneficiaries. The information letter states that the reporting rules of the revenue procedure will apply until the surviving spouse takes the IRA as his or her own. If the spouse makes the IRA his or her own, the account will be reported in only his or her name and need not identify the decedent. In the year of death, however, the IRA trustee must still send a year-end statement and a Form 5498, if required, to both the beneficiary and the decedent's executor. Second, Revenue Procedure 89-52 stated that the IRA trustee need not make a corrective filing of Form 5498 if it is not notified of the owner's death until after May 31 of the year following the year of the death. The Institute asked for clarification of the trustee's reporting responsibilities if the trustee learns of the death between January 31 (the deadline for sending the year-end statement) and May 31 (the deadline for filing Form 5498). In such circumstances, the IRS information letter states that the trustee must correctly file Form 5498 with the IRS and give both the decedent and the beneficiary their correct year-end valuations, either on Form 5498 or on a corrected year-end statement. Third, the Institute requested guidance concerning the revenue procedure's impact on the general Form 5498 reporting rules. Specifically, the general rules provide that if the trustee furnished a year-end valuation to the participant by January 31 and no contributions were made for the year, then the - 2 - trustee need not provide a Form 5498 to the participant for that year. The IRS information letter provides that Revenue Procedure 89-52 is intended to fit within these general requirements. Therefore, if no contributions were made for the year of death and the year-end statement has been provided to both the beneficiary and the executor, then the trustee is not required to provide a Form 5498 to either the beneficiary or the executor. We will keep you informed of further developments. Kathy D. Ireland Associate General Counsel Attachments